

August 30, 2013

To: Executive Board

Subject: **July 2013 Financial Statements and Investment Summary**

Recommendation

Receive and file the July Financial Statements and Investment Summary for Fiscal Year 2014.

Analysis

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the fiscal year ending July 31, 2013.

Foothill Transit's cash position of \$71.3 million is \$4.8 million less than the previous month. This decrease of cash is the net change between the uses of cash and sources of cash. Uses of cash include \$1.26 million of capital expenditures exceeding capital revenues in July, a \$3.05 million increase in amounts due from other governments, an increase in accounts receivable of \$1 million, and a decrease in accounts payables \$1.47 million. Sources of cash include excess operating revenues of \$1.97 million.

July 2013 fare revenues were \$1.4 million, which is \$156,000 or 10 percent less than the monthly budgeted amount and \$203,000 less than the previous month. The July revenue this year is just under \$3,000 (0.021 percent) less than the July 2012 revenue. In part, the variation can be attributed to the timing of receipt of various fare revenues. Overall, this is a continuation of the trend established in the prior fiscal year with revenues neither increasing nor decreasing. While increasing sales tax revenues appear to be a signal that the economy is beginning to show signs of improvement, unemployment remains constant at approximately eight percent.

Operating costs in July were \$5 million, which is \$1.1 million less than the budget. These costs are \$442,000 or eight percent less than in July 2012. The favorable variance is mainly due to savings derived from the operations and maintenance cost for July which are below budgeted amounts. Foothill Transit had sufficient funds to meet all of its obligations.

Balance Sheet Analysis (Attachment A):Assets

The balance sheet as of July 31, 2013 shows total assets at \$232.2 million. This total consists primarily of \$147.3 million in fixed assets and \$71.3 million in cash and investments. The cash and investments balance includes \$10.0 million invested in the Local Agency Investment Fund (LAIF); \$26.7 million in non-interest bearing accounts held with Bank of the West; \$21.4 million in an interest bearing account with Bank of the West; \$5.0 million with Chase; \$3.0 million with Bank of the West and \$2.9 million with Wells Fargo invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills.

Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West in non-interest earning accounts qualify for FDIC insurance, eliminating the risk of loss. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of July 2013 was 0.24 percent; slightly less than the previous month's rate of 0.245 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in more than four years, LAIF interest rates have continued a downward trend until reaching current levels and then with small variations up and down.

Liabilities

The accounts payable balance is \$5.8 million. The amounts payable include \$5.3 million due First Transit for May and June service; fuel costs of \$544,000; Monrovia Dial-A-Ride service of \$105,000 and \$973,000 for capital projects.

Operating Revenue and Expense Analysis (Attachment C):Fare Revenue

July 2013 fare revenues were \$1.4 million. As previously stated, the July revenues are \$203,000 less than the previous month. While this revenue amount is 10.0 percent less than the budget, this is mainly due to the fact that revenues are typically lower in July and August during the summer vacation months.

Revenues are tracking very close to prior year amounts indicating stable ridership and an economy that is neither improving nor weakening. This may be the case even though recent indicators have indicated everything but a stable economy.

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State and Local Funding Subsidies of \$5.6 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 2.35 percent more than planned for in the budget. Foothill Transit has sufficient funds to meet all of its obligations.

Expenses

Operating expenses in July 2013 were \$5.0 million, compared with the year-to-date budget of \$6.1 million. This difference of approximately \$1.1 million resulted in an 18.11 percent favorable variance. As stated earlier, this was mainly due to the savings on operating and maintenance costs for the month.

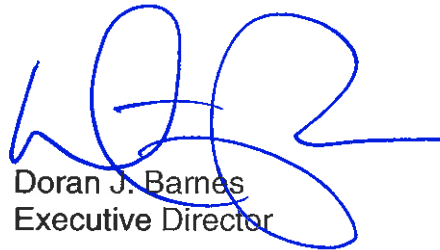
Farebox Recovery Ratio

The July farebox recovery ratio was 27.99 percent; 8.36 percent more than the performance target of 25.83 percent. The farebox recovery ratio was derived by dividing the total fare revenue of \$1,410,587 by the total operating expense figure of \$5,039,104. This ratio is 0.23 percent higher than the June 2013 figure of 27.76 percent.

Sincerely,



Gil Victorio
Interim Finance Director



Doran J. Barnes
Executive Director

Attachments

Foothill Transit
Balance Sheet
As of July 31, 2013

Assets

Current Assets:

Cash	\$ 48,266,080
Investments	23,083,107
Due from government agencies	8,276,217
Other receivables	2,755,046
Other assets	2,518,315
Total Current Assets	<u>84,898,765</u>
Property & Equipment (net of depreciation)	147,320,653
Total Assets	<u><u>\$ 232,219,418</u></u>

Liabilities and Equity

Current Liabilities:

Accounts payable and accrued liabilities	\$ 5,872,346
Current portion of long term debt	0
Deferred Revenue	51,682,003
Total Liabilities	<u>57,554,349</u>

Equity

Fund Balance:	
Investment in Capital Assets	147,320,653
Current Year Change	384,441
Surplus	26,959,975
Total Equity	<u>174,665,069</u>
Total Liabilities and Equity	<u><u>\$ 232,219,418</u></u>

**Summary of Cash and
Investment Account
For July 31, 2013**

	Interest Rate	Term	Principal Amount/Book Value	Market Value
Cash:				
Bank of the West-Reg. Checking	N/A	Demand Deposit	15,156,303	15,156,303
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Excise Tax	N/A	Demand Deposit	10,963,029	10,963,029
Bank of the West-Money Market	0.240%	Demand Deposit	7,014,364	7,014,364
Bank of the West-Money Market	0.240%	Demand Deposit	4,918,707	4,918,707
Bank of the West-Money Market	0.240%	Demand Deposit	9,556,577	9,556,577
Bank of the West-CTAF ³ Fund	0.090%	Demand Deposit	655,199	655,199
Bank of the West-Money Market	N/A	Demand Deposit		
Subtotal Cash on Hand			<u>48,266,080</u>	<u>48,266,080</u>
Unrestricted Investments:				
Chase Business Saving	0.150%	Demand Deposit	5,048,200	5,048,200
Bank of the West-CDARS	Var	Cert. of Deposit	3,000,000	3,000,000
Wells Fargo-CDARS	Var	Cert. of Deposit	2,988,000	2,988,000
Treasury Bills			1,997,978	1,997,978
LAIF Investment	0.240%	Demand Deposit	10,048,930	10,048,930
Subtotal Unrestricted Investments			<u>23,083,107</u>	<u>23,083,107</u>
Total Cash and Investments			<u><u>71,349,188</u></u>	<u><u>71,349,188</u></u>

Notes:

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit
Statement of Revenue and Expense
For Month Ended July 31, 2013

	Actual July-13	Budget July -13	Variance Favorable (Unfavorable)	Actual July - 12
Operating Revenue				
Farebox	\$879,525	\$925,000	(4.92%)	\$909,000
Pass Sales	198,581	258,333	(23.13%)	228,672
TAP Cash Purse	198,381	183,333	8.21%	170,000
MetroLink & Access Service	43,000	41,667	3.20%	4,000
EZ Transit Pass	91,100	158,333	(42.46%)	101,450
Total Operating Revenue	1,410,587	1,566,667	(9.96%)	1,413,122
Non-Operating Revenue				
Transportation Development Act (300)	1,735,826	1,542,800	12.51%	1,453,437
STA (330)	326,106	326,108	(0.00%)	338,338
Prop A 40% Discretionary (400)	1,123,663	1,123,667	(0.00%)	1,085,523
Prop A 40% BSCP (405)	358,273	358,225	0.01%	326,563
Prop C BSIP (412)	71,706	71,667	0.05%	70,369
Prop C Base Restructuring (409)	154,017	154,000	0.01%	151,145
Prop C Transit Service Expansion (4130)	25,666	25,667	(0.00%)	25,187
Prop C-40%Discretionary/BSCP (407)	834,743			
Transit Security-Operating (417)	65,887	65,883	0.01%	59,050
Measure R Operating (421,422,423)	779,342	779,342	0.00%	657,192
FTA Sec 5307 Operating				
CMAQ Operating (260)		83,333	(100.00%)	
Gain on Sale of Fixed Assets				
Auxiliary Revenue	127,737	125,000	2.19%	92,363
Total Non-Operating Revenue	5,602,966	4,655,692	20.35%	4,259,167
Total Revenue	7,013,553	6,222,358	12.72%	5,672,289
Available Capital Funding				
Capital Grants	22,967			185,969
Other				
Total Revenue and Capital Funding	7,036,520	6,222,358		5,858,258
OPERATING EXPENSES				
Operations	4,246,925	4,898,968	13.31%	4,776,367
Maintenance & Vehicle Technology	36,101	73,435	50.84%	
Marketing and Communications	76,070	166,697	54.37%	82,036
Information Technology	112,506	170,760	34.11%	93,596
Administration	138,594	167,339	17.18%	114,331
Procurement	25,331	74,711	66.09%	35,081
Sales and Service	173,967	156,237	(11.35%)	149,081
Finance	74,087	119,859	38.19%	98,205
Safety and Security	36,014	85,886	58.07%	45,964
Planning	36,044	164,262	78.06%	42,576
Building Management & location 61	83,466	75,043	(11.22%)	44,627
Total Operating Expenses	5,039,104	6,153,197	18.11%	5,481,864
Capital and Other Expenses				
Capital	22,967		N/A	297,045
Interest			N/A	
Dial-A-Ride			N/A	55,000
Special Services	12,974		N/A	
Other Misc. expense			N/A	
Total Capital and Other Expenditures	35,942		N/A	352,045
Increase (Decrease) of Revenues Over Expenditures	\$ 1,961,474			\$ 24,349